

flowing out in an uninterrupted stream,<sup>1</sup> but the Bank of France had held on to the dearer metal, silver, and redeemed in the cheaper until its gold reserve was reduced in 1860 to about 100,000,000 francs, while its silver stood at about 325,-000,000 francs. About ^2,000,000 in gold was obtained from the Bank of England, which was not averse to exchanging the less valuable metal for the dearer, even though the latter was not a money metal in England.

The departure of the market ratio of gold and silver from the mint ratio by the depreciation of gold was the occasion of the formation of the I^atin Union. Belgium, Italy, and Switzerland had already adopted the French decimal system of coinage before the formation of the Union, and the coins of each country circulated freely in the others. The proposition for a conference came from Belgium, but was cordially accepted by the French government and the meeting called at Paris. The most pressing problem to be confronted was the disappearance of the subsidiary silver coins becatise of the premium upon silver. Switzerland had already reduced her silver coins, except the five-franc piece, by the law of January 31, 1860, from nine-tenths fine to eight-tenths; Italy, by the law of August 24, 1862, had lowered to 0.835 fine the franc and smaller pieces ; and France had adopted the standard of 0.835 f<sup>or</sup> ner pi<sup>ece</sup>^ of 20 and 50 centimes. The change of all but the five-franc piece was recommended by a commission appointed by the French government in 1861, but the Corps Legislatif in passing the law of May 25, 1864, refused to reduce the one- and two-franc pieces.<sup>3</sup> Belgium was on the point of taking legislative action when the advantages of an international conference suggested themselves.

The refusal of the French legislative body to reduce the fineness of the larger silver pieces, so as to bring their bullion

<sup>1</sup> The net imports of gold into France from 1848 to 1870 were 5,153,-000,000 francs (\$1,000,000,000) and only one year (x86i) showed net exports. The years 1852 to 1864 showed uninterrupted net exports of silver amounting to 1,726,000,000 francs (\$340,000,000).—Shaw, 184-86.

\*Arnaune", 227.